**IBPS PO MAINS TEST-1**

**Q1:** Who won the Pulitzer Prize 2020 in featured photography?

1. Lorenzo Tugnoli
2. Dana Canedy
3. Yasin Dar
4. Katie Falkenberg

**Answer:** C

**Solution:**

Three photojournalists from Jammu & Kashmir have won Pulitzer Prize 2020 in feature photography. These include Yasin Dar, Mukhtar Khan, and Channi Anand.Pulitzer Prize was established in 1917 and has been awarded for the achievements in magazine, newspaper, online journalism, musical composition, and literature. The award was established by the provisions in the will of Joseph Pulitzer, he made his fortune as a newspaper publisher.

**Q2**: \_\_\_\_\_\_\_\_\_\_and the UN's postal agency have released a commemorative postage stamp on the 40th anniversary of the eradication of smallpox.

1. WHO
2. UNDP
3. UNEP
4. UNICEF

**Answer:** A

**Solution:**

World Health Organization (WHO) and the UN's postal agency have released a commemorative postage stamp on the 40th anniversary of the eradication of smallpox.Smallpox is an infectious disease caused by one of two virus variants, Variola major and Variola minor.It is contagious i.e. spread from one person to another. Smallpox is one of two infectious diseases to have been eradicated, the other being rinderpest in 2011.

**Q3 :** Which Institute developed the 1st indigenous anti-SARS-CoV-2 human IgG ELISA test kit for antibody detection of COVID-19?

1. National institute of technology Nagpur
2. National institute of virology
3. IIT bhubaneswar
4. IIT delhi

**Answer:** A

**Solution:**

Developed by National Institute of Virology, Pune. It is India’s first indigenous antibody-based ELISA test kit for diagnosis of novel Corona Virus. It can test around 90 samples in approximately two and half hours. The technology has been transferred to pharmaceutical manufacturing companies for mass-scale production.

**Q4:** In a major initiative Which ministry  has launched CHAMPIONS portal A Technology driven Control Room-Cum-Management Information System?

1. Ministry of defence
2. Ministry of civil aviation
3. Ministry of MSME
4. Ministry of water resources

**Answer:** C

**Solution:**

Launched by the Union Ministry of MSME. It is a Technology driven Control Room-Cum-Management Information System. CHAMPIONS stands for Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength. It utilises modern ICT tools such as telephone, internet and video conference, and aims to assist Indian MSMEs to march into big league as National and Global CHAMPIONS.

**Q5:**  Ministry of Culture's National Gallery of Modern Art will organize a virtual tour for which person to commemorate its 115th Birth Anniversary?

1. Venupati gopal
2. Ramkinkar baij
3. Purandara dasa
4. Abinindra nath tagore

**Answer:** B

**Solution:**

Ministry of Culture’s National Gallery of Modern Art will organise virtual tour titled “Ramkinkar Baij, Journey through silent transformation and expressions” to commemorate the 115th Birth Anniversary of Ramkinkar Baij on 26th May 2020. Ramkinkar Baij (1906-1980), one of the most seminal artists of modern India, was an iconic sculptor, painter and graphic artist. He was born in Bankura, West Bengal.

**Q6:** Who has released Sample Registration System (SRS) bulletin based on data collected for 2018?

1. Census commisioner of India
2. Registrar general of India.
3. Controller general of account
4. Comptroller and auditor general of India

**Answer:** B

**Solution:**

Sample Registration System (SRS) bulletin has been released by the Registrar General of India. It is based on data collected for 2018. National birth rate in 2018 stood at 20. It was 36.9 in 1971.

**Q7:** India has asked \_\_\_\_\_\_\_\_\_\_ to work on an agreement that would enable countries to use the flexibilities under TRIPs?

1. G 20
2. G 7
3. SAARC
4. ASEAN

**Answer:** A

**Solution:**

India has asked the G20 members to work on an agreement that would enable countries to use the flexibilities under TRIPs. India called for an agreement to enable the use of TRIPS (Trade Related Intellectual Property Rights) flexibilities to ensure access to essential medicines, treatments and vaccines at affordable prices.India uses these flexibilities under Patent Act, 1970 for the public health and emergency purposes.

**Q8:** Under which article of constitution Anglo Indians are defined?

1. Article 366
2. Article 365
3. Article 364
4. Article 366 (2)

**Answer:** D

**Solution:**

According to Article 366(2), An Anglo-Indian means a person whose father or any of whose other male progenitors in the male line is or was of European descent but who is domiciled within the territory of India and is or was born within such territory of parents habitually resident therein and not established there for temporary purposes only.

**Q9:** Who has proposed to allow common citizens to join its ranks as officers and soldiers for a short service billed as “tour of duty “?

1. Indian army
2. Indian navy
3. Indian airforce
4. Indian military

**Answer:** A

**Solution:**

'Tour of Duty’ (ToD) is short, voluntary internship programme of three-year for youths. It is for youths who “do not want to make defence services their permanent vocation, but still want to experience the thrill and adventure of military professionalism”. Proposal suggests several measures to incentivize this scheme like a tax-free income for three years and a token lumpsum at the end of three years, preference in public sector jobs and post-graduate courses etc.

**Q10:** Which organization and Food and agriculture organization (FAO) has jointly released ‘The state of world’s forests (SOFO) 2020?

1. UNEP
2. UNDP
3. UNSC
4. UNFC

**Answer:** A

**Solution:**

United Nations Environment Programme (UNEP) and Food and Agriculture Organization (FAO) has jointly released a report titled The State of the World’s Forests (SOFO) 2020. It examines the contributions of forests, and of the people who use and manage them, to the conservation and sustainable use of biodiversity.

**Q11:** The first successful scheme to have closed under RBI PFRSA and the largest in terms of size outside national company law tribunal framework. What is the full form of PFRSA?

1. Promote framework for resolution of stressed assets
2. Program framework for resolution of secured assets
3. Prudential framework for reconstruction of stressed assets
4. Prudential framework for resolution of stressed assets

**Answer:** D

**Solution:**

Rattan India power ltd has closed a one Time settlement transaction for debt resolution with its consortium of 12 lenders led by power finance corporation ltd & SBI. This make him the first scheme to have been closed under RBI (PFRSA).

PFRSA provides for early resolution of stressed assets in a transparent and time bound manner by

* Complete discretion to lenders with regard to design and implementation of resolution plan.
* Disincentives for delay in implementation of resolution plan or initiation of insolvency proceedings.
* Making mandatory the signing of an inter creditor Agreement providing for majority decision making by all lenders.

**Q12:** Which organization has launched MANI app recently?

1. SBI
2. RBI
3. NPCI
4. CRISIL

**Answer:** B

**Solution:**

RBI has launched MANI app. MANI stands for mobile aided note identifier .it is a mobile application launched by RBI for aiding visually impaired persons to identify denomination of Indian bank notes.

**Q13:** For which sector (PMI) purchasing’s manager index released in business activity?

1. Manufacturing and export sectors
2. Manufacturing and services sectors
3. Goods and services sectors
4. Export and import sectors

**Answer:** B

**Solution:**

It is an indicator of business activity for both manufacturing and services sectors. The purpose of PMI is to provide information about current business condition to company decision makers, analysts and purchasing managers.

It is a survey based measures that ask the respondents about change in their perception of some key business variables from the month before.

A figure about 50 denotes expansion in business activity, anything below 50 denotes contraction.

**Q14:** Recently I-STEM web portal launched at 107th Indian science congress. What is the theme of year 2020 science congress?

1. Science and technology : Rural development
2. Science and technology : artificial intelligence
3. Science and technology : rural infrastructure development
4. Science and technology : renewable resources

**Answer:** A

**Solution:**

I-STEM platform is a gateway for researcher to locate the specific facility they need for their R&D work and identify the one that is neither located closest to them .all academic institution, national research labs etc funded by the govt will be required to list them on I-STEM portal.

Indian science congress- it aims to promote cause of science in India by holding annual congress, publishing such proceedings, journals and securing and managing funds for promotion of science. the first meeting was held in 1914 at Calcutta.

**Q15:** IRDAI has mandate all general and health insurance companies to offer a state health product(SHIP) with which policy?

1. Arogya sanjeevani policy
2. Unani sanjeevani policy
3. Pm Jan Jeevan policy
4. Aarogya se siddhi policy

**Answer:** A

**Solution:**

IRDAI has mandate all general and health insurance companies to offer a standard health insurance product named arogya sanjeevani .the health market has no. of individual health insurance product at moment .it may be challenging to the customer to choose an appropriate product as each if products has unique features. Arogya sanjeevani has to address this challenge .

SHIP has aimed at taking care of basic health, needs and enabling seamless portability among the insurers.

**Q 16:** Which is become the first state to integrate its land records with the web portal of PMFBY?

1. Kerala
2. Maharashtra
3. Haryana
4. Jammu and Kashmir

**Answer:** B

**Solution:**

PM fasal Bima Yojana (PMFBY) under ministry of agriculture & farmers welfare is a yield based insurance scheme which covers yield loss due to non preventable risks viz. natural fire, lightning, cyclone, flood, landslides, pest and diseases etc.

PMFBY mandates, compulsory verification of land records by ground- level agriculture officers or bank officers. with this integration farmers can access their land details online at the enrollment centers and physical verification by these officers will be no longer needed .it will ensure letter verification and reducing instances of people insuring the same land parcel multiple times , hence solving issue of over governance.

**Q17:** For which institutions recently RBI revises supervisory action framework (SAF)?

1. Urban cooperative banks
2. Reasonal rural banks
3. Cooperative banks
4. Rural financial institutions

**Answer:** A

**Solution:**

It seeks to expedite the resolution of urban cooperative banks in financial distress.the revised SAF envisages initiation of corrective action plan by the UCB and /or supervisory action by reserve bank on breach of specific thresholds (triggers )in respect of the specified financial parameters.

A UCB may be placed under SAF when

* Its net NPA exceeds 6% of its net advances
* Its CRAR falls below 9%
* When it incurs losses for two consecutive financial years or has accumulated losses on its balance sheet.

**Q18:** Which new satellite series india plans to launch for its own space to space tracking and communication of its space assets this year?

1. IDRSS
2. IRDSS
3. DARSS
4. IDASS

**Answer:** A

**Solution:**

India plans for its own space to space tracking and communication of its space assets this year by putting up a new satellite series called indian data relay satellite system (IDRSS).

IDRSS: A set of 2 IDRSS satellites will be placed in geostationary orbit, enabling satellite to satellite communication and transfer of data .it will track, send and receive real time information from other Indian satellites, in particular those in low earth orbits which have limited coverage of earth .it will also be useful in monitoring launches and benefitting crew members of gaganyaan mission ensuring mission control throughout there travel.

**Q19:** NSE academy limited (NAL) a wholly owned subsidiary of which organisation launched NSE knowledge hub?

1. National stock exchange
2. Bombay stock exchange
3. Multi commodity stock exchange
4. Reserve bank of India

**Answer:** A

**Solution:**

NSE academy limited, a wholly owned subsidiary of national stock exchange of India ltd launched NSE knowledge hub.

It is a artificial intelligence powered learning ecosystem that will assist the banking, financial services and insurance sectors.

It will enhance the skills and help academic institutions in preparing future ready talent for the financial service industry.

**Q20:** Which financial institution get approval of converting to a small finance bank?

1. Reliance India cooperative bank
2. Punjab and Maharashtra cooperative bank
3. Tata financial service cooperative bank
4. Shivalik mercentile cooperative bank

**Answer:** D

**Solution:**

This is 1st license issue by RBI to an urban cooperative bank to convert into small finance bank under scheme of voluntary transition of urban cooperative bank into an SFB.

Under this scheme UCB with a good track record shall be eligible to voluntarily transit into an SFB. UCB with a minimum net worth of rs 500 million and maintaining capital to risk (weighted) assets ratio of 9% and above are eligible to apply for voluntary transition to SFB.

**Q21:** Government has approved viability gap funding VGF of 60% of estimated cost for project to build how many km north east gas grid project?

1. 1656 km
2. 2345km
3. 3211km
4. 2352km

**Answer:** A

**Solution:**

Cabinet committee on economic affairs approved the VGF of 60% of estimated cost for project to build 1656 km north east gas grid project. VGF provide financial support to form of grants, one time or deferred, to infrastructure projects undertaken through PPPs with a view to make them commercially viable.

NEGG project is being implemented by indra dhanush gas grid limited, a joint venture company of five CPSEs, (GAIL, IOCL, ONGC, DIL and NRL). It will cover 8 states of north eastern region.

It will enhance availability of natural gas in north east and ensure uninterrupted supply of natural gas to industries, domestic consumers and for transport purposes to establish a clean fuel led economy.

**Q22:** Which international institution released global economic prospect report?

1. Asian development bank
2. World bank
3. World trade organization
4. IMF

**Answer:** B

**Solution:**

Global growth is set to arise by 2.5% this yr. a small uptick from 2.4% in 2019,as trade and investement gradually recover .emerging market and developing economies will see growth accelerate to 4.1% from 3.5% last year .they face following challenges –

**Rising debt-** it climbed to about 170% of gdp in 2018 to 115% in 2010.

**Productivity slowdown** – average output per worker in emerging and developing economies is less than one fifth that of a worker in an advanced economy.

**Q23:** Which of the following is not a semi closed PPI used for digital payment system?

1. Paytm wallet
2. Phone pay
3. Railway gift card
4. NACH

**Answer:** D

**Solution:**

Prepaid Payment Instrument is a money storage and transfer tool. It can be used to buy goods and services; & sending ₹₹ to friends, family, etc. Eg. Paytm Wallet, Airtel Money, PhonePe, Mobikwik, Amazon Gift card, Railway prepaid cards etc. RBI regulates them under the Payment and Settlement Systems Act 2007. In 2019-December RBI introduced a new type of semi-closed prepaid payment instrument (PPI) with following features:

* Maximum ₹ 10,000 can be loaded in it per month.
* Money can be loaded only from a bank account Can be used only for purchase of goods and services and bill payments.
* Can’t be used for money transfer to friends/family etc.
* Users must provide an 'officially valid document' listed in the Know Your Customer guidelines of RBI such as driving licence/aadhar card/voter id etc.

**Q24:** Which of the following ministry got India’s 1st indigenously developed ‘One Nation One Card Model’ with the help of NPCI, Bharat Electronics Limited (BEL), CDAC and some banks?

1. Ministry of Housing & Urban Affairs
2. Ministry of Rural & Urban Affairs
3. Ministry of human & development
4. Ministry of Finance

**Answer:** A

**Solution:**

Ministry of Housing & Urban Affairs (MoHUA) got India’s 1st indigenously developed ‘One Nation One Card Model’ with the help of NPCI, Bharat Electronics Limited (BEL), CDAC and some banks. It has 3 components:

* NCMC Card: To be issued by banks. Nature can be Debit/Credit/Prepaid. Can be used for metro, bus, suburban railways, toll, parking, smart city payments and retail shopping.
* SWEEKAR: Automatic Fare Collection System.
* SWAGAT: Swachalit / Automated Gate.

**Q25:** The fees that a merchant must pay to his (acquirer) bank for every credit / debit card transaction is called?

1. Merchant discount rate
2. Viability gap fund
3. Merchant transaction rate
4. Discount transaction levy

**Answer:** A

**Solution:**

(MDR) is the fees that a merchant must pay to his (acquirer) bank for every credit / debit card transaction. MDR fees is shared among 3 parties

* Customer’s card issuing bank
* Merchant’s acquiring bank
* Payment gateway provider.

MDR hurts merchants’ profit margin, discourages them from adopting Point of Sale (PoS) terminals (=card swiping machine) → obstacle to digital economy.

**Q26:** Who was the Chairman of the Committee which was responsible for Deepening Digital Payments appointed by the RBI?

1. Rattan wattal
2. Nandan nilekani
3. NR Narayan murthy
4. H.R khan

**Answer:** B

**Solution:**

The removal of transaction fee on digital payments was one of the recommendations of the high-level committee constituted by the [RBI](https://www.financialexpress.com/tag/rbi/) for deepening of digital payment. The five-member committee chaired by Nandan Nilekani was set up to study the level digitization of payments in the country, identify problems in the payments ecosystem and recommend ways to resolve them. government’s focus on Digital India was not just about digitizing the system of governance, but also for developing technologies and efficiencies in the payment system. The committee deliberated on the existing reports on the issue and discussed with all stakeholders to understand the hurdles faced in digital payment modes.

**Q27:** Which of the following social media platform going to launch ‘Libra’ as a blockchain based cryptocurrency in 2020?

1. Google
2. Youtube
3. Facebook
4. Micorsoft

**Answer:** C

**Solution:**

‘Libra’ is a blockchain based cryptocurrency to be launched in 2020 by Facebook's subsidiary company 'Calibra', using programming language 'Move'. Visa, Uber, Paypal, PayU etc. also invested in project. But later some of these copartners left Unlike Bitcoin, this Libra coin’s exchange rate will be stable because Libra's value backed with Financial assets like G-sec, fiat currencies. You can buy Libra with Fiat Money → stored in Calibra wallet. Libra can also be reconverted to fiat money.

**Q28:** A high-level task force on Public Credit Registry (PCR) has been constituted by Reserve Bank of India, Who was the head of this committee?

1. Y.V Reddy
2. Viral Acharya
3. Urjit Patel
4. Y. M. Deosthalee

**Answer:** D

**Solution:**

RBI’s yeshwant m. deosthalee Committee (2017-18) recommended setting up a Digital Public Credit Registry (PCR) with following features:

* PCR will be setup under RBI, using data from SEBI, Corporate Affairs Ministry, GST authorities, IBBI, Banks, NBFCs etc.
* PCR will help lenders to get complete 360-degree profile of borrower on real time basis.
* PCR will help RBI in early detection of systematic stress, checking the efficacy of monetary policy & other big data analytics.

**Q29:** Which chief economic advisor proposed to call a bad bank as “Public Sector Asset Rehabilitation Agency” (PARA)?

1. Satyendra kishor
2. S. Ramakrishnan
3. Arvind Subramanian
4. Raghuram rajan

**Answer:** C

**Solution:**

Former Chief Economic Advisor (CEA) Arvind Surbamanian’s Economic Survey 2016-17 had proposed a bad bank named “Public Sector Asset Rehabilitation Agency” (PARA).PARA will buy bad loans from PSBs, try to salvage the maximum value from loan restructuring / liquidation-auction and absorb the losses. Arvind S. also suggested RBI to give additional dividend to Govt. to start this bad bank & finance its losses. Ofcourse, this (stupid) idea was not implemented.

**Q 30:** Who designed Prompt Corrective Action ( PCA)  a framework under which banks with weak financial metrics are put under watch by the RBI?

1. Bimal jalan
2. Urijit patel
3. Y.V reddy
4. Arvind Subramanian

**Answer:** A

**Solution:**

RBI Governor Bimal Jalan designed it.Urjit Patel toughened PCA norms further. In 2018 NABARD announced separate ‘Prompt Corrective Action (PCA) Framework’ framework for Regional Rural Banks (RRBs). In PCA framework, all Commercial Banks are monitored for Asset Quality (NPA), Capital Sufficiency (BASEL-III), Profitability (Return on Assets: RoA)- and are classified into Risk threshold #1, #2, #3. Higher the number, higher the risk. Then, accordingly, RBI will take corrective actions such as:

* RBI giving strict warning, conducting deeper audit & supervision.
* Restricting bank’s directors’ salaries and dividend distribution to its investors.
* Restricting bank’s branch expansion & lending operations.
* Forcing merger / shutdown of a weak bank (under Banking regulation Act 1949).

PCA is a “Monetary Policy Qualitative / Selective Tool used for Direct Action”.

**Q 31:** Recently RBI releases national strategy for financial inclusion (NSFI) for a period of?

1. 2019-2023
2. 2018-2024
3. 2020- 2025
4. 2019- 2024

**Answer:** D

**Solution:**

NSFI aims to provide access to formal financial services in an affordable manner, broadening and deepening financial inclusion and promoting financial literacy and consumer protection.

NSFI has been finalized and approved by the financial stability development council.

Recommendation – provide banking access to every village with in a 5 km radius / hamlet of 500 households in hilly areas by march 2020.

Strengthen eco-system for various modes of digital financial services in all tier II to tier VI centres to create necessary infrastructure by march2022.

**Q32:** Recently how much percent RBI increases short term investment limit for FPIS in government corporate bond?

1. 30%
2. 40%
3. 10%
4. 20%

**Answer:** A

**Solution:**

Under current norms,short term investment by a FPI should not exceed 20% of total investment of that FPI in either central government securities or state development loans. The same norms are applicable on investments in corporate bonds.

The short term investment limit has now been increased from 20% to 30% in both cases. RBI has also made relaxation in the voluntary retention route for FPI investment in debt.

**Q33:** Which of the following is a channel introduced by the Reserve Bank of India (RBI) to enable FPIs to invest in debt markets in India?

1. Viable retention route
2. Voluntary retention route
3. Participatory equity investor route
4. Voluntary liquidity trap route

**Answer:** B

**Solution:**

Under VRR route, investment are free of the regulatory norms applicable to FPI investments in debt market, provide FPIs voluntarily commit to retain a required minimum percentage if their investments in India for a period. The minimum retention period is 3 years, or as decided by RBI for each allotment by tap or auction . The investment cap through VRR has been doubled to 1.5 lakh crore.

**Q34:** Which organization planned to launch data lake project to augment analytical capability?

1. SEBI
2. NSE
3. BSE
4. NABARD

**Answer:** A

**Solution:**

SEBI is planning to set up a data lake project for improving survelliance to monitor and analyze social media posts to keep a tab on possible market manipulations.

A data lake is a centralized repository that allows anyone to store all structured and unstructured data at any scale.

**Q35:** The illegal practice of trading on the stock exchange through having access to confidential information is called?

1. Insider tracing
2. Insider trading
3. Caliberate trading
4. Illegal funding trap

**Answer:** B

**Solution:**

Insider trading is the buying or selling of a security by someone who has access to material non public information by the security.

In India SEBI (insider trading ) regulation ,1992 framed under SEBI act ,1992 intends to curb and prevent the menace of insider trading in securities .

**Q36:** RBI identifies banks that ‘too big to fail’ (=if they fail, it’ll severely hurt the economy)’ and labels them as (D-SIB). What is the full form of D-SIB?

1. Domestic Specialized Important Banks
2. Data Systematic Integrated Banks
3. Driven Systematic Important Banks
4. Domestic Systematic Important Banks

**Answer:** D

**Solution:**

Each year in August, RBI identifies banks that ‘too big to fail’ and labels them as Domestic Systematic Important Banks (D-SIB), & orders them keep additional equity capital against their Risk Weight Assets (RWA) & imposes other technical norms on them. Presently, 3 D-SIBs in India: SBI, ICICI, HDFC (Latest Entry).

**Q37:** Bank board bureau interviews & selects top officials for PSBs, LIC and other public sector financial institutions. It is a

1. Executive body
2. Non- statutory body
3. Registered body under GOI
4. Constitutional body

**Answer:** B

**Solution:**

This non-constitutional, non-statutory body interviews & selects top officials (MD, CEO, Chairman and full-time Directors) for PSBs, LIC and other public sector financial institutions. Actual appointment done by FinMin’s Department of Financial Services. BBB also helps the banks in governance reforms, raising capital for BASEL-III etc. BBB has 1 Part-Time Chairman, 3 Part-Time Members and 3 Ex-officio Members (from Govt & RBI side).

**Q38:** Which of the following is not a income sources of RBI?

1. Interest on GOVT securities
2. Interest on foreign G. securities
3. Interest on loans
4. Interest on gold bonds

**Answer:** D

**Solution:**

RBI’s income sources include.

* Interest on G-Sec that are not sold in Open Market Ops.
* Interest on Foreign G-Sec / Sovereign Bonds.
* Interest on Loans given to other Banks / NBFCs.
* Revaluation of foreign currency and gold in RBI reserves.
* Seigniorage: profits from printing money- because face value > intrinsic value.
* Penalties imposed on errant banks

**Q39:** Under which of RBI it has power to shared profit with Union Govt. in form of ‘Dividend’?

1. RBI Act Section 47
2. RBI Act Section 23
3. RBI Act Section 40
4. RBI Act Section 42

**Answer:** A

**Solution:**

From its income, RBI allocates funds for

* Staff retirement fund, provisions for bad loans, depreciation in assets…
* Reserves for contingency (emergency): ~₹ 2.5 Lcr.
* Reserves for Exchange Rate Stability (Technically called “Currency & Gold Revaluation Reserve: ~₹7 lakh cr)

After making these allocations, profit is shared with Union Govt. in form of ‘Dividend’ under (RBI Act Section 47).

**Q40:** Under which section of the RBI Act empowers the Government to consult with RBI Governor in public interest?

1. Section 7(1)
2. Section 7(2)
3. Section 7(3)
4. Section 7(4)

**Answer:** A

**Solution:**

Section 7(1) of the RBI Act empowers the Government to consult with RBI Governor in Public interest .In, 2018-October, for the first time in the history of Independent India, Government began a Section-7(1) consultation with RBI Governor Urjit Patel, on the issues of PCA norms, BASEL-III deadline, higher dividend to Govt., Cheap Monetary Policy etc. If RBI Governor doesn’t positively respond in such Section-7(1) consultation, then Section 7(2): Government can issue binding direction / orders to RBI central board to implement its wishes.